



# Strategic Asset Management: An Imperative Whose Time Has Come

AAPA Marine Terminal Management Training Program

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# Definitions—ISO 55000

- ▶ Asset management is the “...coordinated activity of an organization to realize value from assets.”
- ▶ Asset management policy is “... the link that connects strategic and business goals to the physical asset portfolio.”

# Why Is SAM A Management Imperative?

- ▶ Aging Infrastructure
  - ▶ Operating costs—too high and too often hidden
  - ▶ Deferred maintenance--substantial but uncertain scope, cost and impact
  - ▶ “Preventative maintenance” program = “run-to-failure”
- ▶ Inadequate Capital Resources:
  - ▶ Scarce public capital,
  - ▶ Cautious private capital, and
  - ▶ Inadequate internal resources

# Why Is SAM A Management Imperative?

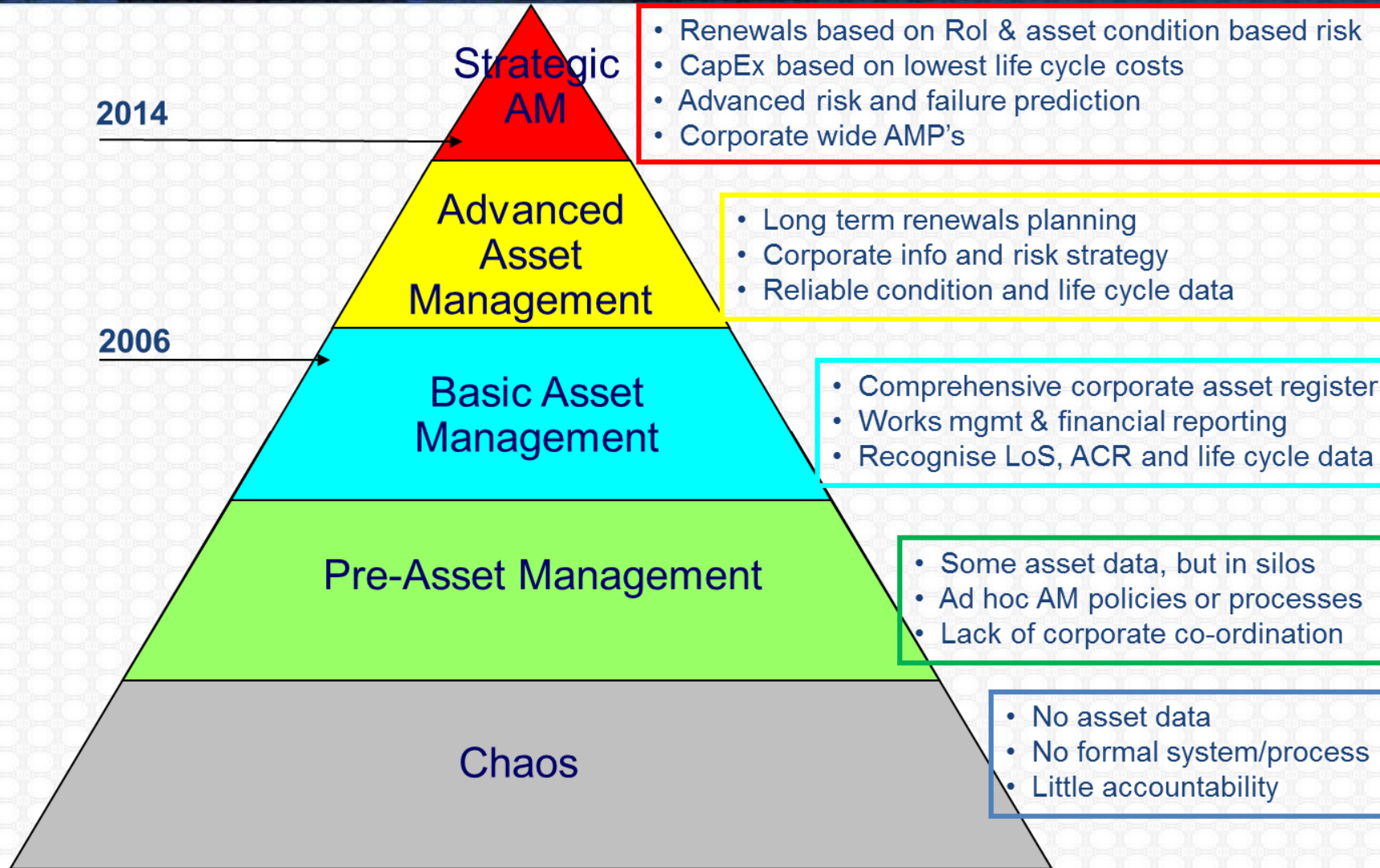
- ▶ Business processes
  - ▶ Asset data: Deficient, especially life-cycle position/variable definitions/not transparent
  - ▶ Information systems do not support investment decisions
  - ▶ Uncertain level-of-service requirements
  - ▶ Capital planning—ad hoc prioritization does not comprehensively address strategic risks across the organization
  - ▶ Leaseholder responsibilities: Poorly defined/not specified/not monitored
  - ▶ Don't know the VALUE of our facilities
- ▶ Human resources: Retiring 'Boomers' -- loss of institutional knowledge

# Steps to SAM Development

- ▶ Setting goals, establishing a plan and governance
- ▶ Assessing current state
  - ▶ Data, data flows, information systems
  - ▶ Relationship to, and support of, business processes
- ▶ Determining level-of-service requirements
- ▶ Life cycle condition assessments and forecasting
- ▶ Risk/opportunity assessment and investment prioritization
- ▶ Continuous improvement strategies, annual review and training



# Maturity Pyramid



# Lessons Learned

- ▶ Develop an asset management plan (road map) addressing:
  - ▶ Policy statement
  - ▶ Clear, measureable goals,
  - ▶ Timelines, critical paths, success criteria,
  - ▶ Budget and annual review process
- ▶ Senior leadership engaged at beginning and throughout
- ▶ Demonstrate value--find and deliver early and ongoing successes
- ▶ Keep all departments engaged — understand resistance and its root causes--don't ignore
- ▶ Be skeptical of big (expensive) engineering and IT solutions—SAM, at its heart, addresses business process: making better decisions
- ▶ Asset management will neither get cheaper nor easier over time.
- ▶ Negative consequences of NOT getting started will ONLY get worse.
- ▶ Don't let the 'best' get in the way of the 'good'

# North American Ports/MTOs Embarking On SAM Journey

- ▶ Port Metro Vancouver
- ▶ Seattle
- ▶ Tacoma
- ▶ Longview
- ▶ Vancouver WA
- ▶ Portland
- ▶ Long Beach
- ▶ Los Angeles
- ▶ Houston
- ▶ Jacksonville
- ▶ Baltimore/Ports America



# Next Steps

- ▶ Education: webinars, conferences
- ▶ Networking—formal and informal
- ▶ Research
  - ▶ Resource-effective SAM benefit delivery for all ports
  - ▶ Cost-effective predictive modeling